

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-14 ISO-00 FEA-02 ACDA-19 CIAE-00 INR-11

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R 251725Z JUL 74

FM USMISSION EC BRUSSELS

TO AEC GERMANTOWN 1255

INFO SECSTATE WASHDC 7277

AMEMBASSY LONDON

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE EC BRUSSELS 5601

AEC PASS A. FRIEDMAN, DIP

E.O. 11652: N/A

TAGS: TECH, IR

SUBJECT: URANIUM ENRICHMENT

REF: TEHRAN 5409; EC BRUSSELS 5248; TEHRAN 5463

1. THIS CONFIRMS TELEPHONE DISCUSSION OF JULY 23 WITH GARRET RE CABLE OF SAME DATE FROM HOYLE TO RUBIN ON URANIUM ENRICHMENT CONTRACTS WITH IRAN BNFL. RUBIN SUGGESTS RECONSIDERATION OF INSTRUCTION TO INFORM THESE TWO CUSTOMERS THAT AEC FIXED COMMITMENT CONTRACTS ARE NOT SUFFICIENTLY FLEXIBLE TO EXTEND TO TWO FACILITIES AS REPORTED IN TEHRAN 5409 AND EC BRUSSELS 5248.

2. THE ORIGINAL REQUEST BY IRAN FROM THE AEC WAS FOR EIGHT CONTRACTS TO PROVIDE ENRICHMENT SERVICES FOR 7200 MEW. THEIR DOWNPAYMENT CHECK WAS BASED ON THIS 7200 MWE FIGURE. RUBIN'S SUBSEQUENT AUTHORIZATION WAS TO SIGN ANY TWO OF THE EIGHT CONTRACTS. THIS WAS LATER MODIFIED AT REQUEST OF DR. ETEMAD AND ACCEPTED IN TELEPHONE CALL TO FRIEDMAN FROM THERAN FOR TWO 1200 MWE CONTRACTS. CUSTOMER'S CLEAR INTENT WAS TO MAXIMIZE FIRM COMMIT-
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MENT FROM USAEC FOR ENRICHMENT SERVICE AND EVEN TWO CONTRACTS

FOR 2400 MWE WAS DISSAPPOINTING IN LIGHT OF 7400 MWE REQUESTED.

3. DR. ETEMAD WAS RELYING ON CONTRACT ARTICLE II.2.D "...THERE SHALL BE NO RESTRICTION ON THE CUSTOMERS USE OF OR DISPOSITION OF ENRICHED URANIUM FURNISHED BY THE COMMISSION HERUNDER, ..." (EXCEPT RELATED TO TRANSFERS OUTSIDE OF TEHRAN) TO PERMIT USE OF MATERIAL FOR FOUR 600 MWE PLANTS. THIS OPTION WAS NOT REJECTED BY RUBIN IN DISCUSSIONS WITH DR. ETEMAD PRIOR TO SIGNING CONTRACTS.

4. IRAN'S NUCLEAR POWER PLANS DID NOT APPEAR TO BE DEVELOPED AT THE TIME ENRICHMENT CONTRACTS WERE REQUESTED FROM THE AEC BEYOND A REPORTED TARGET OF 23,000 MWE (SEE PARA 2 OF TEHRAN 5463). AS FOLLOW-UP TO DR. RAY'S VISIT TO TEHRAN IN MAY AND RELATED MCDONOUGH VISIT ON JUNE 14, THE EIGHT CONTRACTS WERE REQUESTED TO MEET AEC'S JUNE 30 DEADLINE AND TO FIT A ROUGH PROJECTION OF 7200 MWE FROM US SOURCES.

5. PENDING AEC'S RESOLUTION OF THE CAPACITY SITUATION AND SIGNING FURTHER CONTRACTS, ANY FORMAL COMMUNICATION TO IRAN WHICH WOULD FURTHER LIMIT ENRICHMENT SERVICES TO THEM BY THE US WOULD SEEM WORTH CAREFUL RECONSIDERATION.

6. RUBIN HAS NO SIMILAR RESERVATION FOR THE PENDING BNFL CONTRACTS EXCEPT TO THE EXTENT AEC MIGHT WISH TO BE CONSISTENT IN TREATING BOTH CUSTOMERS.

7. NO ACTION TO REFTEL OF JULY 23 BEING TAKEN PENDING COMMENT ON ABOVE. GREENWALD

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